



DETERMINATION OF MERGER NOTIFICATION M/23/021 – WAYSTONE GROUP/LINK FUNDS BUSINESS

Section 21 of the Competition Act 2002

The proposed acquisition by Sigma LuxCo 2 SARL, through its indirect subsidiaries Sigma Irish AcquiCo Limited, Waystone Management Company (IE) Limited, and Waystone Management (UK) Limited, of sole control of each of Link Financial Investments Limited, Link Fund Administrators (Ireland) Limited, Link Fund Administrators Limited, Link Alternative Fund Administrators Limited, LFI (Nominees) Limited together with certain business assets of Link Fund Solutions Limited and of Link Fund Manager Solutions (Ireland) Limited

Dated 26 June 2023

Introduction

1. On 17 May 2023, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Sigma LuxCo 2 SARL (“SL2”; together with its subsidiaries the “Waystone Group”), which is jointly controlled by funds managed by Montagu Private Equity LLP (“Montagu”) and Hg Capital LLP (“Hg”), would, through its indirect subsidiaries Sigma Irish AcquiCo Limited, Waystone Management Company (IE) Limited and Waystone Management (UK) Limited, acquire sole control of each of Link Financial Investments Limited, Link Fund Administrators (Ireland) Limited, Link Fund Administrators Limited, Link Alternative Fund Administrators Limited and LFI (Nominees) Limited together with certain business assets and associated liabilities of Link Fund Solutions Limited and of Link Fund Manager Solutions (Ireland) Limited (together the “Link Funds Business”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented by means of the following inter-conditional agreements:

- a share purchase agreement dated 19 April 2023 between Link Administration Pty Ltd, LF Solutions Holdings Limited and Sigma Irish AcquiCo Limited (the “SPA”), pursuant to which Sigma Irish AcquiCo Limited would acquire (i) the entire issued share capital of Link Financial Investments Limited¹ from Link Administration Pty Ltd and (ii) the entire issued share capital of each of Link Fund Administrators (Ireland) Limited, Link Fund Administrators Limited and Link Alternative Fund Administrators Limited from LF Solutions Holdings Limited;
- a UK business transfer agreement (the “UK BTA”) dated 19 April 2023 between Link Fund Solutions Limited and Waystone Management (UK) Limited, pursuant to which Waystone Management (UK) Limited would acquire certain business assets and associated liabilities of Link Fund Solutions Limited; and
- an Irish business transfer agreement (the “IE BTA”) dated 19 April 2023 between Link Fund Manager Solutions (Ireland) Limited, Waystone Management Company (IE) Limited and Sigma Irish AcquiCo Limited pursuant to which Waystone Management Company (IE) Limited and Sigma Irish AcquiCo Limited would acquire certain business assets and associated liabilities of Link Fund Manager Solutions (Ireland) Limited.

The Undertakings Involved

The Acquirer – Waystone Group

3. SL2, a Luxembourg-registered company jointly controlled by funds managed by Montagu and Hg, is the ultimate parent of the Waystone Group. The Waystone Group provides investment funds services globally including management company (“ManCo”) services and fund

¹ As noted in Schedule 6 of the SPA, LFI (Nominees) Limited is a wholly-owned subsidiary of Link Financial Investments Limited.

administration services. Sigma Irish AcquiCo Limited, Waystone Management Company (IE) Limited, and Waystone Management (UK) Limited each form part of the Waystone Group.

4. For the financial year ending 31 December 2021, the Waystone Group's worldwide turnover was approximately €[...],² of which approximately €[...]³ was generated in the State.
5. Montagu is a private equity firm headquartered in the United Kingdom, with investments in companies across different sectors including healthcare, financial services, critical data, digital infrastructure and education.
6. For the financial year ending 31 December 2021, Montagu's worldwide turnover was approximately €[.....], of which approximately €[.....] (excluding turnover generated by the Waystone Group) was generated in the State.
7. Hg is a specialist private equity investor headquartered in the United Kingdom which focuses on investments in Europe and the United States.
8. For the financial year ending 31 December 2021, Hg's worldwide turnover was approximately €[.....], of which approximately €[.....] (excluding turnover generated by the Waystone Group) was generated in the State.

The Target – Link Funds Business

9. The current ultimate parent of the Link Funds Business is Link Administration Holdings Limited, a company headquartered in New South Wales and listed on the Australian Stock Exchange. The Link Funds Business provides ManCo services and fund administration services globally.
10. For the financial year ending 30 June 2022, the worldwide turnover of the Link Funds Business was approximately €[.....],⁴ of which approximately €[.....] was generated in the State.

Rationale for the Proposed Transaction

11. The parties state in the notification:

² Based on European Central Bank 2021 average euro foreign exchange reference EUR1 = USD 1.1827

³ Based on European Central Bank 2021 average euro foreign exchange reference EUR 1 = USD 1.1827

⁴ Based on European Central Bank 2022 average euro foreign exchange reference EUR1 = USD 1.0530



“The Proposed Transaction allows Waystone to expand its operations in the Irish and UK markets as part of an overall strategy of global expansion across the major global financial services markets and will enhance Waystone’s ability to service a broader pool of investment managers and sponsors and bring a greater number of products and services to them.”

Third Party Submissions

12. No third-party submission was received.

Horizontal Overlap

13. There is a horizontal overlap between the business activities of the parties in the State in the provision of: (i) ManCo services; and, (ii) fund administration services.

14. The parties provide the following description of ManCo services in the notification:

“ManCo services encompass: (i) regulatory compliance; (ii) investment management; (iii) investment risk management; (iv) operational risk management; (v) capital & financial management; and (vi) distribution. However, the board of the fund manager decides which responsibilities are delegated externally and therefore ManCo services providers tend to provide expertise across all categories.”

15. The parties provide the following description of fund administration services in the notification:

“Fund administration services encompass: (i) accounting services and net asset valuations; (ii) share registration and taxation services; (iii) transfer agency, record keeping services; and (iv) portfolio reporting services.”

Relevant Product Market



Views of the Parties

16. In relation to the provision of ManCo services, the parties state the following in the notification:

“In line with the Commission's assessment in [Merger Determination M/21/036] Montagu / Waystone, the Parties submit that the market for ManCo Services includes both third party and proprietary providers of ManCo Services for reasons outlined below. In line with the Commission's assessment in Montagu / Waystone, the Parties do not consider that third party only providers of ManCo Services (to the exclusion of 'proprietary providers') would constitute a standalone relevant market definition. Such a narrow hypothetical market definition would not reflect the commercial reality that third party only providers compete directly with 'proprietary providers' (who are typically large investors / investment banks who have separate investment fund management activities including the set-up of funds and / or the investment management of a fund, with examples such as BlackRock, Goldman Sachs and PIMCO).

This is not a separate relevant market definition for a number of reasons. On the demand side, from the perspective of a customer (the fund), there is direct substitutability and a real choice between (i) using a proprietary ManCo Service provider (who set up / manages the fund as well as providing ManCo Services) and (ii) using a third party ManCo Services provider (with the effect that the fund must separately set up / manage the fund themselves or outsource that to another services provider). From the supply side, there is also substitutability, with established financial institutions providing ManCo Services simultaneously on a proprietary basis and as a third party ManCo Services provider.”

17. In relation to the provision of fund administration services, the parties submit in the notification, citing examples of previous determinations by the Commission and merger decisions by the European Commission, that the provision of fund administration services is a relevant product market.

Views of the Commission

The Provision of ManCo Services

18. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In its determination in *M/21/036 – Montagu/Waystone*, the Commission considered the competitive impact of that transaction in the provision of ManCo services without reaching a definitive view on the precise relevant product market.⁵ In a merger decision in 2022, the European Commission considered the competitive impact of that transaction in the narrower potential product market for the provision of third-party ManCo services without reaching a definitive view on the precise relevant product market.⁶ The Commission considers that it is not necessary in this instance to come to a definitive view on the precise relevant product market as its assessment of the likely competitive effects of the Proposed Transaction will be unaffected regardless of the potential product market analysed. For the purpose of assessing whether the Proposed Transaction might result in a substantial lessening of competition, the Commission has analysed the impact of the Proposed Transaction in the potential market for the provision of ManCo services.

The Provision of Fund Administration Services

19. In its determination in *M/15/034 - Mitsubishi UFJ Fund Services/UBS Fund Services*, the Commission considered the impact of that transaction in the provision of fund administration services without reaching a definitive view on the precise product market.⁷ The Commission considers that it is not necessary in this instance to come to a definitive view on the precise relevant product market as its assessment of the likely competitive effects of the Proposed

⁵ See paragraph 16 of the Commission's determination in *M/21/036 – Montagu/Waystone* which is available at: <https://www.cccp.ie/business/wp-content/uploads/sites/3/2021/07/2021.09.24-M.21.036-Public-Determination.pdf>

⁶ See paragraph 32 and paragraphs 44 *et seq.* of the European Commission's decision in Case *M.10660 – Montagu/HG/Waystone/KB Associates* which is available at:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022M10660>

⁷ See paragraph 11 of the Commission's determination in *M/15/034 - Mitsubishi UFJ Fund Services/UBS Fund Services* which is available at: https://www.cccp.ie/business/wp-content/uploads/sites/3/2017/04/M_15_034-Mitsubishi-UFJ_UBS_Determination_public-version.pdf. The Commission notes that in that case, the Commission reviewed the competitive impact of that proposed transaction on the markets for the provision by fund administration firms based in the State of: (a) fund administration services to Irish-domiciled funds; and (b) fund administration services to non-domiciled funds.

Transaction will be unaffected regardless of the potential market analysed. For the purpose of assessing whether the Proposed Transaction might result in a substantial lessening of competition, the Commission has analysed the impact of the Proposed Transaction in the potential market for the provision of fund administration services.⁸

Relevant Geographic Market

Views of the Parties

20. In relation to the relevant geographic market, the parties state the following in the notification:

“The Parties’ view is that the relevant geographic market definition for both ManCo Services and Fund Administration Services is at least EU / EEA-wide. [...] Notwithstanding [...] the Parties’ view that any market definition should be at least EU/EEA wide [...], the competition analysis put forward in this Notification is provided on a narrower, national geographic basis, given the availability of reliable figures on this basis”.

Views of the Commission

The Provision of ManCo Services

21. In *M/21/036 – Montagu/Waystone*, the Commission considered the competitive impact of that transaction in the provision of ManCo services in the State without reaching a definitive view on the precise relevant geographic market.⁹ The Commission considers that it is not necessary in this instance to come to a definitive view on the precise relevant geographic market as its assessment of the likely competitive effects of the Proposed Transaction will be unaffected regardless of the potential geographic market analysed. For the purpose of assessing whether the Proposed Transaction might result in a substantial lessening of

⁸ The Commission has not, in this instance, distinguished between the provision of fund administration services to Irish-domiciled funds and fund administration services to non-domiciled funds. The Commission notes that its analysis of the competitive effects of the Proposed Transaction would be unaffected if this distinction were drawn.

⁹ See paragraphs 16 and 18 of the Commission’s determination in *M/21/036 – Montagu/Waystone* which is available: <https://www.ccpic.ie/business/wp-content/uploads/sites/3/2021/07/2021.09.24-M.21.036-Public-Determination.pdf>

competition, the Commission has analysed the impact of the Proposed Transaction in the potential geographic market for the provision of ManCo services in the State.

The Provision of Fund Administration Services

22. In *M/15/034 – Mitsubishi UFJ Fund Services/UBS Fund Services*, the Commission considered the competitive impact of that transaction in the provision of fund administration services in the State without reaching a definitive view on the precise relevant geographic market.¹⁰ The Commission considers that it is not necessary in this instance to come to a definitive view on the precise relevant geographic market as its assessment of the likely competitive effects of the Proposed Transaction will be unaffected regardless of the potential geographic market analysed. For the purpose of assessing whether the Proposed Transaction might result in a substantial lessening of competition, the Commission has analysed the impact of the Proposed Transaction in the potential geographic market for the provision of fund administration services in the State.

Horizontal Competitive Analysis

The Provision of ManCo Services in the State

23. The Commission considers that the Proposed Transaction raises no horizontal competition concerns in the provision of ManCo services in the State for the reasons set out below.

24. Both the Waystone Group and the Link Funds Business have minimal shares in the provision of ManCo services in the State. Based on estimated shares of supply of ManCo services (by assets under management) in the State for 2022, as provided by the parties in the notification, the Waystone Group and the Link Funds Business had shares of supply of approximately [0-5]% and approximately [0-5]%, respectively.¹¹ Thus, following the implementation of the

¹⁰ See paragraph 11 of the Commission's determination in *M/15/034 - Mitsubishi UFJ Fund Services/UBS Fund Services* which is available at: https://www.ccpic.ie/business/wp-content/uploads/sites/3/2017/04/M_15_034-Mitsubishi-UFJ-UBS-Determination-public-version.pdf

¹¹ The source of the estimates provided by the parties in the notification is the "Ireland Fund Report 2022" prepared by Monterey Insight.

Proposed Transaction, the Waystone Group will only have a share of supply of approximately [0-5]% in provision of ManCo services in the State.

25. Following the implementation of the Proposed Transaction, the Waystone Group will continue to face a competitive constraint from a large number of providers of ManCo services in the State, including Blackrock Asset Management Ireland Ltd, Vanguard Group (Ireland) Limited, PIMCO Global Advisors (Ireland) Limited, Mercer Global Investments Management Limited, Insight Investment Management (Europe) Limited, Goldman Sachs Asset Management Fund Services Limited, and State Street Global Advisors Europe Limited.¹²

26. In light of the above, the Commission considers that the Proposed Transaction will not give rise to any horizontal competition concerns in the potential market for the provision of ManCo services in the State.

The Provision of Fund Administration Services

27. The Commission considers that the Proposed Transaction raises no horizontal competition concerns in the provision of fund administration services in the State for the reasons set out below.

28. Both the Waystone Group and the Link Funds Business have minimal shares in the provision of fund administration services in the State. Based on estimated shares of supply of fund administration services (by assets under management) in the State for 2022, as provided by the parties in the notification, the Waystone Group and the Link Funds Business had shares of supply of [0-5]% and [0-5]% respectively.¹³ Thus, following the implementation of the

¹² Even in a narrower potential market for the provision of third-party ManCo services in the State, the Proposed Transaction raises no horizontal competition concerns. Based on estimated shares of supply of third-party ManCo services (by assets under management) in the State for 2022, as provided by the parties in the notification, the Waystone Group and the Link Funds Business had shares of supply of approximately [20-25]% and approximately [0-5]%, respectively. The source of these estimates provided by the parties in the notification is also Monterey Insight's "Ireland Fund Report 2022". Thus, the increase in the Waystone Group's share of supply in the provision of third-party ManCo services in the State following implementation of the Proposed Transaction will be only approximately [0-5] percentage points. Following the implementation of the Proposed Transaction, the Waystone Group will continue to face a competitive constraint from a number of third-party-only ManCo service providers in the State, including Carne Global Fund Managers (Ireland) Ltd, Northern Trust Fund Managers (Ireland) Limited, Bridge Fund Management Limited, IQ EQ Fund Management (Ireland) Limited, and FundRock Management Company Limited.

¹³ The source of the estimates provided by the parties in the notification is the "Ireland Fund Report 2022" prepared by Monterey Insight.

Proposed Transaction, the Waystone Group will only have a share of supply of [0-5]% in the provision of fund administration services in the State.

29. Following the implementation of the Proposed Transaction, the Waystone Group will continue to face a competitive constraint from a number of providers of fund administration services in the State, including State Street International (Ireland) Limited, Northern Trust Corporation, Bank of New York Mellon Corporation, JP Morgan Chase & Co, Brown Brothers Harriman Fund Administration Services (Ireland) Limited, Citco Fund Services (Ireland) Limited, Citibank Holdings Ireland Limited and HSBC Securities Services (Ireland) DAC.
30. In light of the above, the Commission considers that the Proposed Transaction will not give rise to any horizontal competition concerns in the potential market for the provision of fund administration services in the State.

Vertical Relationship

31. The parties' activities overlap vertically as the Waystone Group is active in the provision of both ManCo services and fund administration services in the State and providers of ManCo services may recommend or engage providers of fund administration services.
32. Given the minimal shares of the parties in the provision of both ManCo services and fund administration services in the State and the large number of competing providers of both services currently active in the State, the Commission considers that the Proposed Transaction raises no vertical foreclosure concerns in either (i) the potential market for the provision of ManCo services in the State or (ii) the potential market for the provision of fund administration services in the State.
33. In light of the above, the Commission considers that the Proposed Transaction does not raise any vertical foreclosure concerns in the State.

Conclusion

34. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

35. The parties state in the notification that Clause 11 of the SPA, Clause 10.2 of the IE BTA and Clause 12.2 of the UK BTA contain arrangements constituting restrictions which are directly related and necessary to the implementation of the Proposed Transaction.

36. The Commission notes that the restrictions in question appear to be contained in Clause 11.2 of the SPA, Clause 10.2(A) of the IE BTA and Clause 12.2.1 of the UK BTA. The Commission further notes that these restrictions are imposed on the sellers of the Link Funds Business as defined in the SPA, IE BTA and UK BTA.¹⁴

37. The Commission notes that—

- Clauses 11.2.1, 11.2.3 and 11.2.4 of the SPA;
- Clauses 10.2(A)(1), 10.2(A)(3), and 10.2(A)(4) of the IE BTA; and
- Clauses 12.2.1(a), 12.2.1(c) and 12.2.1(d) of the UK BTA

impose certain non-compete obligations on the sellers for a period of twenty-four months from the date of completion of the Proposed Transaction. The duration and scope of these obligations do not exceed the maximum duration and scope acceptable to the Commission. The Commission therefore considers that the restrictions contained in—

- Clauses 11.2.1, 11.2.3 and 11.2.4 of the SPA;
- Clauses 10.2(A)(1), 10.2(A)(3), and 10.2(A)(4) of the IE BTA; and
- Clauses 12.2.1(a), 12.2.1(c) and 12.2.1(d) of the UK BTA

are directly related and necessary to the implementation of the Proposed Transaction in so far as they relate to the State.

¹⁴ In the SPA, the 'Sellers' are defined as [.....] and [.....]. In the IE BTA, the 'Seller' is defined as [.....]. In the UK BTA, the 'Seller' is defined as [.....]. The restrictive obligations imposed on the sellers in the IE BTA and the UK BTA include an undertaking by the sellers that they shall procure that [.....] shall also comply with those obligations.



38. The Commission notes that Clause 11.2.2 of the SPA, Clause 10.2(A)(2) of the IE BTA and Clause 12.2.1 (b) of the UK BTA impose non-solicitation obligations upon the sellers in respect of 'Senior Employees' (as defined in each agreement) of the Link Funds Business for a period of twenty-four months from the date of completion of the Proposed Transaction. In light of the definitions of 'Senior Employee' in the SPA, IE BTA and UK BTA, and in light of further information provided to the Commission by the parties, the Commission considers that these non-solicitation obligations appear to be limited to specific employees and/or a specific group of employees of the Link Funds Business. The duration and scope of these obligations do not exceed the maximum duration and scope acceptable to the Commission. The Commission therefore considers that the restrictions contained in Clause 11.2.2 of the SPA, Clause 10.2(A)(2) of the IE BTA and Clause 12.2.1(b) of the UK BTA are directly related and necessary to the implementation of the Proposed Transaction in so far as they relate to the State.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition, whereby Sigma LuxCo 2 SARL, which is jointly controlled by funds managed by Montagu Private Equity LLP and Hg Capital LLP, would, through its indirect subsidiaries Sigma Irish AcquiCo Limited, Waystone Management Company (IE) Limited and Waystone Management (UK) Limited, acquire sole control of each of Link Financial Investments Limited, Link Fund Administrators (Ireland) Limited, Link Fund Administrators Limited, Link Alternative Fund Administrators Limited and LFI (Nominees) Limited together with certain business assets and associated liabilities of Link Fund Solutions Limited and of Link Fund Manager Solutions (Ireland) Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Brian McHugh

Member

Competition and Consumer Protection Commission